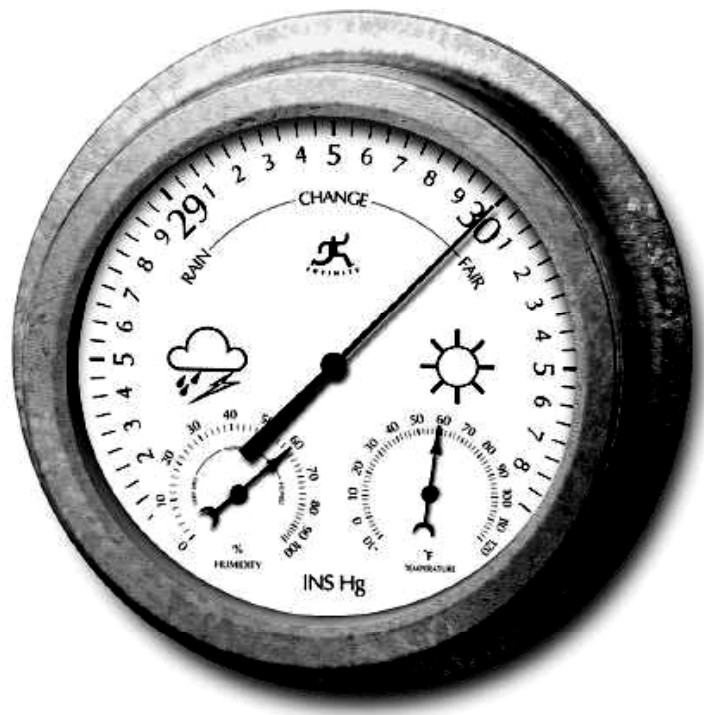


Utah!

Travel Barometer

A Research & Planning Newsletter

Division of Travel Development
Utah's Travel Council,
Summer, 2004



Unavoidable Realities of The Tourism Industry

By David M. Williams,
Research Coordinator
Utah Division of Travel Development

AAA President/CEO Discusses Realities and Issues of the Travel Industry

At the Travel Industry Association of America's Marketing Outlook Forum held in Austin, Texas in October 2003, Robert Darbelnet, President and CEO of AAA, gave his thoughts on certain realities of the travel industry, along with some suggestions for how to deal with them. Approaching a year later, Darbelnet's comments are still valid.

First, Darbelnet explained that there are certain unavoidable realities of our industry:

Most challenges we face are permanent
The Internet is here to stay. Travelers have more information at their fingertips and will use the Internet to find the best deal. Also, travelers are more price-sensitive, more knowledgeable, and looking for a short vacation. They also are booking closer to their actual departure date.

We will probably suffer another terrorist attack that will affect our industry just as 9/11 did. Given the state of the world today, peace of mind will be elusive because of security issues. Nevertheless, people are coming to accept the fact that we live in a dangerous world, meaning that our tolerance of risk is probably increasing. At the same time, our perception of an imminent attack ebbs and flows. As people become more tolerant of uncertainty and their perception of imminent risk declines, leisure travel will resume.

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New Research Coordinator For Division of Travel Development

Dave Williams is a tough man to keep down.



He proved it at the age of six when the Welsh pony he was riding with his grandfather got spooked and launched into a sprint - with Dave clinging to the horn - across the field, over a state highway, along a fence line and into a neighboring yard before throwing Dave to the ground where he hit his head on a rock. If that wasn't enough the pony then stepped on Dave's shin, bruising him severely.

The next week Dave got back in the saddle to try it again.

Williams, who joined the division staff in September of 2003, found his first major assignment to be the challenge of quickly absorbing and interpreting information contained in the FY 03 Advertising Effectiveness study conducted by NFO Plog Research, and sifting through the data gathered by Reister Robb Advertising in their most recent Qualitative Study. The Plog study demonstrated an advertising ROI of \$8.64 to \$1, and the Reister Robb information showed the importance of advertising in maintaining a vibrant image for the state.

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Williams Continued from Pg. 1

These documents were vital to promotion of a major funding bill impacting the division. (For more information on these studies, contact Dave Williams at dmwilliams@utah.gov) So next, Williams found himself in the middle of the frenzied activity of the 2004 Legislative Session. Again, and again, he re-worked tourism data as the Legislative tides turned.

Though hard fought, the funding initiative was not passed. Never the less, Williams found the entire experience valuable. "It was a 'baptism by fire', without a doubt." He says.

Williams holds a Bachelors Degree in Marketing, as well as an MBA from the University of Utah. Prior to joining the Division of Travel Development staff he was Director of Marketing for the Gallup Organization, and worked as a product manager for Iomega Corp.

Williams lives with his wife, Angie, and three sons in Layton and remains an avid University of Utah fan.



Darbelnet Continued from Pg. 1

But the bottom line is that the world has changed and another "incident" will most likely occur. Now is the time to prepare for the upheaval such an event will cause in the travel industry.

The government will not bail out those in the travel industry – nor should it. Those in the industry must get their finances in order. Just because the government assisted the airlines doesn't mean there will be more help in the future.

Capacity problems will always be with us. We either have too much or too little capacity. Rarely are we in perfect balance. These challenges are part of the business cycle and we should get used to them.

The industry has changed for Travel Agents. Travel Agents must do more than take orders. They must provide value to the customer, but customers are much more knowledgeable now. People will still use travel agents, but their margins will be smaller as they deal with savvy travelers.

Darbelnet also noted that there are several things we "...can – and must – change."

We need to stop complaining

Yes, times have been tough. The economy, 9/11, Sars, and Iraq have had negative affects on the industry. However, Darbelnet noted several other wars, health scares, and conflicts from the past that also affected the industry. Yet, the industry survived. We simply need to quit whining and move forward.

We need more advertising to promote the U.S. as a vacation destination

Foreign countries are spending a lot of money on coordinated advertising and they are stealing market share from us. Everybody wants more advertising to occur but everybody argues about who should pay for it. Combined with the increased difficulty foreigners have in entering our country, this could lead to big trouble for us.

Travel should not be burdened with excessive taxes

In the top 100 markets, car rentals are taxed at an average rate of 24 percent. Hotel rates in some major cities are also unfairly burdened. Some airline tickets include taxes that represent 26% of the total price. Some politicians believe it is safer to tax an out of state resident than his/her constituents. However, if the government isn't going to bail out those in the travel industry, the government should be careful not to tax travelers excessively.

[Note: Tourism related taxes in Utah are much lower than the examples used by Darbelnet. Three counties in Utah charge 3% for car rental, and seven counties have adopted a 7% car rental tax (significantly lower than the 24% example he used when citing an unnamed county or state) and all 29 counties charge a 3% transient room tax. 25 counties have adopted the prepared foods tax (restaurant tax) at the 1% level.]

We need to deliver value to the customer

Bad experiences can cause people to travel less. Positive experiences can cause people to travel more. As competition in our industry increases, we must be sure that the industry as a whole is delivering value to the customer. This shouldn't be a major issue considering today's lower prices, but it is something that should often be monitored.

Demographics are changing

Minorities are growing faster than the rest of the U.S. population and should grow 60% in the next 25 years. That is an increase of more than 51 million people. Another statistic: the over-55 age segment is the fastest growing age segment right now. The point is that the marketplace is changing. The needs and preferences of travelers will change too. Those

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Darbelnet Continued from Pg. 2
in the industry must adapt to these changes or they will lose out to those who do.

There must be collaboration

A successful trip usually requires multiple products and modes of transportation to interface smoothly. Technology will continue to play a great role in this process. While we compete with each other in the industry, we must interface well enough to provide travelers with the experience they desire. The requirement of a common system will remain necessary for years to come. This may relate to GDS or the next generation of networks. We must make it easy for travelers to connect the dots for each aspect of their trip.

Conclusion

In the final analysis, Darbelnet believes travel has a bright future. We should be optimistic. Our industry will continue to grow and offer many opportunities. He believes there will be challenges, but overall, prospects for travel are quite positive.



Report Shows Minority Travel Sectors' Impact

The Minority Travel Report recently released by TIA examines the trip characteristics of traveling households in the three most populous minority groups in the U.S.: Hispanics, African-Americans, and Asian Americans, including Pacific Islanders.

The report also looks at the demographics of minority traveling households in the U.S. and highlights similarities and differences that are important to recognize when marketing to these populations.

The percentage of the U.S. population belonging to minority groups climbed dramatically in the last few decades. The spending power of these growing consumer segments challenges the U.S. travel industry to better understand and better serve these markets.

Three points from the report stand out as particularly relevant to Utah:

(1) Nevada gets a very large share of the Asian-American market. Promoting Utah as part of a trip to Las Vegas is, as we know, a natural marketing tool. According to the report, the Asian American group



spends more money per trip than other minorities.

(2) After shopping, the next-favorite activity for Hispanic leisure travelers is outdoor recreation. This is a group we need to watch as we continue to advertise and promote Utah in California and Texas. Hispanic buying power in the U.S. is expected to grow 60% by the year 2007, compared to growth of only 27% for non-Hispanic buying power during that time.

(3) Utah attracts more Hispanic and Asian American visitors than African-American travelers.

Work Environments: Relationship "Fuelers" and "Drainers"

By Carol Leavitt,
Founder & Principal Consultant,
Sunscape Partners, St. George, Utah

Here's a quick checklist of characteristics that make a relationship feel "draining," vs. traits of a rich, "fueling" relationship. Any seem familiar? It's a good idea occasionally to take inventory of how you are engaging in your work relationships, and also to assess what you might be tolerating from others. Then make adjustments, as necessary.

Relationship "Drainers":

- **The Blamer:** Consistently blames you and/or everyone else for her problems; everything and everyone else creates havoc for her; she takes no responsibility for her job or her life — she'd rather blame others.

- **The Complainer:** Seems to love hearing his own voice whine; constantly complains about what's wrong, what's not working, and what's failing at work, yet never does anything about it; gets energy from complaining and dumping his frustrations on you.



- **The Needy:** The "overly-needy" person who constantly asks for your guidance, support, information, advice, or whatever else he needs in order to feel better or be reassured; the conversation always revolves around him, and it can be quite exhausting.

- **The Shamer:** Cuts you off; puts you down; reprimands you; makes fun of you or your ideas - all in front of others; often ignores your boundaries; claims her criticism is for your own good; makes you question your own sanity before hers.

Continued on Pg. 4

"Drainers" Continued from Pg. 3

- **The Discounter:** Challenges or discounts everything you say; has a strong need to be right and can find fault with any position you take; it's exhausting to have a chat with the discounter, so you end up giving in and just listening.

- **The Gossip:** Builds his own self-esteem by talking about others behind their backs; gets energy from relaying stories, opinions, and the latest "scoop;" creates a lack of safety in relationships, as he'll talk about you if he'll talk about someone else.

Relationship "Fuelers":

- **Proactive:** When we are on a path of personal and professional development and take steps in a proactive manner to change our workplace for the better.

- **Appreciative:** When we consistently appreciate and value our relationships, and acknowledge others' gifts, talents, and strengths.

- **Communicative:** When we are committed to respectful and non-defensive communication, that includes honesty, candor, appropriate sharing of information, and genuine curiosity - the kind that brings a relationship closer together.



- **Attentive:** When we pay attention to what others say, withhold judgment, and care about what others need in order to feel safe and reassured.

- **Honest:** When we are totally committed to integrity and telling the truth.

- **Accountable:** When we take full responsibility for our part in every relationship and are willing to explore and implement ways in which we need to grow and improve.

On The Web

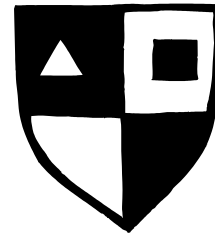
The latest information on Research and Planning is available on our government website at:

<http://travel.utah.gov/researchplanning.html>

- FY 2004 Situation Analysis Presentation
- 2004 External Marketing Tourism Update
- 2004 Chapter on Travel and Tourism from the Economic Report to the Governor
- 2003 State and County Economic and Travel Indicator Profiles

- 2003 Visitor Statistics and Tourism at a Glance
- First Quarter 2004 Visitor Statistics
- Utah Visitation History: 1981 – 2003
- Executive Summary

More information is added weekly, so check this site frequently.



Cultural Travel

Outcome Interpreted By Renee Mitchell

A Smithsonian Magazine and Travel Industry
Association of America Study

THE BIG FINDING!

Culture MOTIVATES cultural travelers to:

do more, stay longer and spend more, and more!

This is a Growing Market.

The CULTURAL TRAVEL MARKET represents
118 million people.

It represents 81% of all domestic travelers.

That's 217 million trips a year ...

412 trips per MINUTE.

The market has been growing at TWICE the rate of regular travel since 1996.

So Who Are These Cultural Travelers?

They are people for whom Culture Determines:

WHY THEY GO

61 MILLION say a cultural activity was the reason for taking a trip.

39 MILLION say a historic activity was the reason they traveled.

Culture Determines:

WHEN THEY GO

25 MILLION said the timing of their trip was influenced by a cultural event.

Culture Determines:

HOW OFTEN THEY GO

Over 30 MILLION cultural travelers take Three or more cultural travel trips per year.

Culture Determines:

WHAT THEY DO

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**THEY'RE ACTIVE!
THEY WANT TO DO MORE!**

**Culture Determines:
WHERE THEY STAY**

HOW LONG THEY STAY, and stay ... and stay!
47 MILLION say they added extra time to their trip
because of a cultural activity. 31% added
two or more nights.

HOW LONG = HOW MUCH \$\$\$!
31% adding two or more nights means
an estimated 29 MILLION hotel nights
and an estimated 87 MILLION meals.

Cultural Travelers SPEND MORE.

SO, CULTURE = CASH.

How Much Cash? Culture drives travel spending in
all income segments, even more than affluence.

**REACHING THE CULTURAL TRAVELER
LEARNING**

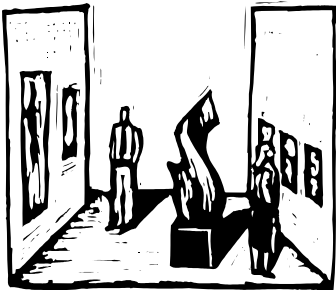
82 MILLION agree:
"Trips where I can LEARN SOMETHING NEW
are more MEMORABLE to me."

LOCALS

63 MILLION agree:
"During vacation trips I enjoy GOING TO PLACES
that are popular with LOCAL RESIDENTS."

LOVE IT!

34 MILLION agree:
"It is important that the trips I take for leisure travel
provide CULTURAL EXPERIENCES."



**SO ... CULTURE
DETERMINES:**
HOW LONG - Cultural
activities add extra time
to their trips (and spend
more money);

HOW OFTEN - Cultural
travelers are frequent
travelers;

WHAT THEY DO - Cultural travelers aren't passive.
They want to do more activities everywhere they
travel.

**JUST THINK ABOUT IT. IN THE PAST 40 MINUTES,
16,480 PEOPLE EMBARKED ON CULTURAL TRIPS!**

?

ARE THEY COMING YOUR WAY?

**Biometric Passports for Visa
Waiver Program Countries
(TIA - June 2004)**

A new security requirement that goes into effect
on October 26, 2004, has the potential to disrupt
travel to the U.S. from Visa Waiver Program
(VWP) countries. The Visa Waiver Program allows
travelers from 27 countries to visit the U.S. for
less than 90 days carrying only a valid passport.

The new requirement concerns the use of
biometric identifiers in passports - a new concept
not currently in use in any Visa Waiver Program
country or in the United States.

A biometric identifier is an electronic scan of a
physical feature, such as an eye, hand,
fingerprint, or face. Biometrics are just now being
incorporated into U.S.-issued visas and will,
sometime in the future, be used in passports
issued by the U.S. and VWP countries. Use of a
biometric identifier allows an immigration
inspector to know for certain that the person
appearing before them is the same person to
whom a passport or visa was issued.

It now appears certain that none of the VWP
countries will be able to start issuing the new
biometric passports by October 26 of this year.
This deadline will not affect travelers who have
valid, unexpired machine-readable passports
issued prior to 10/26/04. However, those travelers
who need to renew their passports shortly after
the deadline must have a biometric passport if
they wish to enter under the terms of the Visa
Waiver Program (visa-free travel). With none of
the 27 countries able to produce and distribute
biometric passports, as many as 5 million VWP
travelers will be impacted. Several of the VWP
countries have indicated they will be able to
issue biometric passports to their citizens by the
end of 2005 at the earliest.

TIA supports the use of biometrics in travel
documents. The increased certainty with which
inspectors can review travelers will both increase
security and the efficiency by which travelers are
processed into the country. However, TIA also
believes any deadline must allow ample time for
the phase in of such new documents.

The Administration recognizes the value of
international travel to the U.S. and has formally
requested a two-year extension of this deadline.
TIA supports this extension request. Bipartisan
bills have been introduced in the House (H.R.
4417) and Senate (S. 2324) to extend the deadline
by one and two years, respectively. The
Administration lacks the legal authority to extend
the deadline on its own. Only Congress can
extend the deadline, and must pass legislation to
do so.

SOUTHWEST UTAH BIRDING TRAILS MAP NOW AVAILABLE

Audubon and the numerous sponsors of the Southwest Utah Birding Trails Map are pleased to announce that the map is now available to the public. The full-color map provides information on almost 50 sites with great birding opportunities in Southwest Utah. The map includes details on driving directions to each site, types of habitat, the best seasons to visit, and which bird species can be seen. The map is available upon request through any of the sponsors for \$2 plus a nominal fee if there are shipping costs, or at www.wasatchaudubon.org, where it can be viewed in its entirety.

The Southwest Utah Birding Trails map is the second of a three-part series highlighting the best birding locations in Utah. The first map in the series, the Great Salt Lake Birding Trails Map, was published in 2001. The third map will cover eastern Utah; a publishing date has not yet been set.

The Southwest Utah Birding Trails map covers the state from the southern Juab County line east to Price and south to the Utah/Arizona state line. The Utah/Nevada state line is the west boundary and the east boundary is a line from Price south to Rainbow Bridge National Monument.

Keith Evans, a member of Wasatch Audubon Society in Ogden, was the main author of the Southwest map as well as the Great Salt Lake Birding Trails Map. Evans worked with numerous expert birders in Southwest Utah to develop site information for the map.

Evans describes why Southwest Utah is such a good place to go birding: "Bird habitats in this region of Utah vary greatly and include the Mojave Desert, Great Basin, Rocky Mountain Extension and Colorado River Plateau. The elevation ranges from 2,500 feet to over 12,000 feet, and creates habitat diversity that provides distinct and varied birding opportunities."

"Birding trail maps are an excellent way to help people enjoy the outdoors," explains Wayne Martinson, Utah Important Bird Areas Coordinator for National Audubon Society. "Also, by becoming more appreciative of wild birds, individuals are more likely to work towards saving these wonderful resources for the future."

Hard copies of the map are available upon request through the numerous sponsors who contributed to the map including: Bureau of Land Management,

Capitol Reef Natural History Association, Cedar City/Brian Head Tourism and Convention Bureau, Delta Area Chamber of Commerce/Snow Goose Festival, Dixie National Forest, Great Salt Lake Audubon Society, James McIntyre Photography, Kane County Office of Tourism and Film Commission, National Audubon Society, Red Cliffs Audubon Society, St. George Area Convention and Visitors Bureau, Utah Division of Wildlife Resources, Wasatch Audubon Society, Westwings, Wild Bird Centers in Layton and Salt Lake, and Zion Natural History Association.

Audubon is dedicated to protecting birds and other wildlife and the habitat that supports them. Our national network of community-based nature centers and chapters, scientific and educational programs, and advocacy on behalf of areas sustaining important bird populations, engage millions of people of all ages and backgrounds in positive conservation experiences.



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Help spread the word!
We'd be pleased to send the Utah! Travel Barometer to your colleagues and customers.

